

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 4559-03  
BILL NO.: HB 2070  
SUBJECT: Health Care; Health, Public; Medicaid; Social Services Department  
TYPE: Original  
DATE: March 14, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$11,712,518)	(\$20,284,752)	(\$22,181,965)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$11,712,518)</b>	<b>(\$20,284,752)</b>	<b>(\$22,181,965)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of Administration - Division of Budget and Planning** assume this proposal would not fiscally impact their agency.

**Department of Mental Health (DMH)** officials assume the intent is to eliminate the spend down provision for the population under 100% of poverty level. Based on the way the proposal is written federal financial participation (FFP) is not available due to the absence of reference to the Federal law that has the resource requirement provision. DMH pays 100% General Revenue for services provided to the clients who are unable to meet Medicaid spend down; therefore, there would be no additional cost from the proposal.

DMH has approximately 3,500 clients currently on spend down. Of these clients DMH estimates that range of 46% to 58% are below 100% of poverty level. If the proposal were revised to make reference to the Federal law that has the resource requirement in it, 60% federal Medicaid reimbursement would be generated for services provided to persons under 100% of federal poverty level. Assuming an average annual cost per client of \$464 for purchase of services and other state-funded services billable to Medicaid, DMH anticipates a range of FFP generation from \$448,224 to \$565,152 as a result of the proposal. In addition, DMH assumes that clients above 100% of poverty level would still be Medicaid eligible as long as they meet the spend down criteria and therefore would not be impacted by this proposal. DMH states that sometimes providers must absorb the cost of care for clients they serve if the client cannot meet spend down or if the client is not Medicaid eligible. This could have an undeterminable impact upon some DMH providers.

Officials from the **Department of Social Service (DOS)** assume this proposal would increase the resource limits for Medicaid from \$1,000 to \$4,000 for a single person and from \$2,000 to \$6,000 for a couple. DOS assumes that by increasing the income to 100% of the federal poverty level for the aged, blind, and disabled there would be no federal group under which to authorize federal matching funds.

### **Division of Family Services**

**DOS - Division of Family Services (DFS)** officials state that section 1902 (m)(1) of the Social Security Act allows federal financial participation for the aged and disabled populations when raising the income limit to 100% of poverty; however, the resource limits can not be less restrictive than the SSI criteria of \$2,000 for single and \$3,000 for a couple. No waiver is necessary if both income and resource criteria are met. The state resource maximum is \$1,000

ASSUMPTION (continued)

for single and \$2,000 for a couple. Section 1902 (m)(1) does not apply to the blind population. A Section 1115 waiver requires cost neutrality for the federal government.

DFS assumes that the resource limits of \$1,000 and \$2,000 are applicable to this group as is stated in 208.010, RSMo. DFS states that a recent report (draft) completed by Myers & Stauffer LC indicated that by increasing the income limit to 100% of the poverty level for the aged, blind, and disabled would only affect the spend down population. Estimates provided in the report and subsequently updated by the Division of Medical Services are that 9,900 of our current spend down population (as of 12/1/99) would become eligible for Medicaid on a full-time basis. In addition, all Qualified Medicare Beneficiary (QMB) only recipients would now be eligible for full Medicaid coverage. However, since the resource limit remains unchanged at \$1,000 (single) and \$2,000 (couple) DFS assumes that only 25% of the 8,645 QMB only population would apply and subsequently be found eligible on the basis of resources.

DFS estimates no that no additional FTEs would be needed to implement this proposal since it is already managing the spend down and QMB population at its current staffing levels. DFS assumes a zero fiscal impact if this proposal is enacted.

**Division of Legal Services**

DOS - Division of Legal Services (DLS) officials state they have sufficient staff to deal with any increased case load.

**Division of Medical Services**

**DOS - Division of Medical Services (DMS)** officials state they worked with DFS to identify the population that is being proposed for full medical assistance. DMS states the population includes spend down and QMB only eligibles. These populations are currently receiving a limited medical services benefit but this proposal would allow the eligibles to receive full benefit. As of 12/1/99 there were 9,900 spend down eligibles and 8,645 QMB only eligibles.

DMS assumed for the spend down that the 9,900 eligibles would be phased in over a six month time period. DMS also assumes a monthly cost of \$112.26 which is based on a report produced by Myers & Stauffer. DMS assumes a four percent increase in medical cost each year and caseload increase of 5.27% each year.

DMS assumed for the QMB only that based on a DFS assumption that 25% of the 8,645 population would apply and subsequently be found eligible. DMS assumes a monthly cost of

ASSUMPTION (continued)

\$187.00 which is based on an adhoc report. DMS assumes a four percent increase in medical cost each year and caseload increase of 5.27% each year. DMS also assumes that these eligibles would be phased in over a six month time period.

Based on the assumption by DFS, DMS assumes that there would be no federal matching funds available. Therefore, the entire cost would be general revenue.

**Division of Aging**

**DOS - Division of Aging (DA)** officials state based on information supplied to DA from DMS and DFS the revision of eligibility requirements for the Elderly and Disabled Waiver would potentially result in an additional 692 eligibles based on the following:

Potential eligibles	2,161
Participation rate of in-home	32%
Total New Eligibles	692

DA assumes that spend down clients who would become eligible because of the increase in the income requirements who area currently receiving in-home services are already being case managed and therefore, would not increase the number of potential eligibles.

DA states that according to the DOS - Research and Evaluation Unit there were 76,308 Medicaid recipients age 65 and over. As of June 30, 1999, DA had authorized in-home services to just over 24,500 Medicaid in-home service recipients age 65 or over. Based on the assumption that the participation for in-home services is 32% (24,567 / 76,308), DA estimates 692 (2,161 , 32%) additional recipients would access home care as an alternative to facility placement requiring case management. Based upon a growth factor of 5.27% DA estimates 728 (692 x 105.27%) clients requiring case management the second year and 767 (692 x 105.27% x 105.27%) clients requiring case management the third year. DA would need six additional Social Service Worker I (SSW) positions the first year to case manage the new eligibles based on current average caseload size of 125 cases per SSW (692 / 125 = 6). DA would need one Home and Community Services Area Supervisor position based on current supervision levels of one supervisor for every nine SSW and one Clerk Typist II position to provide clerical support to the supervisors and SSW.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

Costs - Department of Social Services -  
 Division of Medical Services

Medical assistance payments	(\$11,366,201)	(\$19,910,532)	(\$21,798,144)
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Costs - Department of Social Services -  
 Division of Aging

Personal services (6 FTE)	(\$202,099)	(\$248,581)	(\$254,796)
Fringe benefits	(\$62,145)	(\$76,439)	(\$78,350)
Expense and equipment	<u>(\$82,073)</u>	<u>(\$49,200)</u>	<u>(\$50,675)</u>
Total <u>Costs</u> - Division of Aging	<u>(\$346,317)</u>	<u>(\$374,220)</u>	<u>(\$383,821)</u>

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

<b><u>(\$11,712,518)</u></b>	<b><u>(\$20,284,752)</u></b>	<b><u>(\$22,181,965)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would make all aged, blind, or disabled persons who have an annual income of up to 100% of the federal poverty level eligible for medical assistance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of Administration  
Division of Budget and Planning  
Department of Social Services  
Department of Mental Health

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA  
Director  
March 14, 2000